

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
TIDEWATER UTILITIES, INC. FOR THE)
APPROVAL OF THE SEMI-ANNUAL ADJUSTMENT) DOCKET NO. 16-0656
TO THE DISTRIBUTION SYSTEM IMPROVEMENT)
CHARGE (DSIC) PURSUANT TO 26 DEL. C. §314)
(FILED MAY 20, 2016))

ORDER NO. 8904

This 28th day of June 2016, the Public Service Commission of Delaware (the "Commission") determines and orders the following:

WHEREAS, on May 20, 2016, Tidewater Utilities, Inc. ("Tidewater") filed an application (the "Application") and on June 17, 2016, filed a revised Application (the "Revised Application") to reset its "Distribution System Improvement Charge" ("DSIC Rate")¹ pursuant to 26 Del. C. §314; and

WHEREAS, Tidewater seeks to reset the current DSIC Rate from 1.06% which was approved by Commission Order No. 8833 and became effective on January 1, 2016, to 1.90%. The requested DSIC Rate is based on net additional plant of \$1,514,086 placed into service between November 1, 2015 and April 30, 2016 and an associated semi-annual depreciation expense of \$18,049; and

WHEREAS, Tidewater, in its original Application, sought approval to increase its current DSIC Rate by a component of 0.83% for a total assessed DSIC Rate of 1.89%. Staff, during its audit of PSC Docket 15-1000, which was Tidewater's DSIC Rate for the period July 1, 2015 -

¹ The DSIC Rate mechanism is described in greater detail in PSC Order No. 5850, dated December 11, 2001.

December 31, 2015, discovered that certain Costs of Removal of Retired Plant items were not included in the Accumulated Depreciation Reserve Change; and

WHEREAS, after discussions with Staff, Tidewater recalculated DSIC Revenue Requirement for PSC Docket 15-1000 to include the Costs of Removal that were omitted and found that the DSIC Rate of 0.37% did not change. The only change to PSC Docket 15-1000 as a result of this recalculation was a reduction in the over-collection amount. Since the over-collection of DSIC Revenue from PSC Docket 15-1000 is reconciled in Tidewater's current Application, the Application and accompanying schedules needed to be revised to reflect the correct over-collection and DSIC Revenue Requirement amounts; and

WHEREAS, Staff has reviewed the Revised Application, which was submitted by Tidewater on June 17, 2016, and has determined that the requested revised DSIC Rate of 1.90% is less than a 5% increase in current rates and, therefore, satisfies the requirements of 26 Del. C. §314(b) (7); and

WHEREAS, Staff recommends that the Commission not specifically approve the requested DSIC Rate, but rather permit the requested DSIC Rate to go into effect on July 1, 2016 on an interim basis subject to review, audit and an annual reconciliation based on the 12-month period ending December 31, 2016 (the "Audit"); and

WHEREAS, Staff further recommends that if the Audit reflects that the requested DSIC Rate was improperly calculated, the Commission properly revise the requested DSIC Rate and provide an appropriate remedy for any DSIC charges improperly collected.

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Pursuant to 26 Del. C. §314, the requested DSIC Rate of 1.90% is allowed to go into effect on July 1, 2016 on an interim basis subject to the Audit and final approval.

2. Pursuant to 26 Del. C. §314(b)(1), Tidewater shall provide information to its customers concerning the requested DSIC Rate.

3. Pursuant to 26 Del. C. §314(b)(8), the Commission reserves jurisdiction and authority to conduct the Audit. Tidewater is put on notice that it may be obligated to refund or reimburse customers if the Audit determines that the requested DSIC Rate was improperly calculated.

4. Tidewater is hereby notified that it will be assessed the costs of this proceeding pursuant to 26 Del. C. §114(b).

5. The Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary